

**Office of Consumer Information and Insurance Oversight**  
**Quarterly Report: Performance Progress Report**  
**Indiana Insurance Market, Level One Solicitation**

**State:** Indiana

**Project Quarter Reporting Period:** 1/1/12-6/30/12

**Award number:** 1 HBEIE110065-01-00

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*Core Areas*

**Legal Authority and Governance**

- *What are the primary strategies your program has used to approach this core area?*

Indiana has not committed to establishing a state-based Exchange, however, the Governor issued an Executive Order in 2010 that permits, but does not commit, the State to conditionally establish an Exchange as a not-for-profit entity. The Executive Order states that this was due to the limited federal guidance on exchanges, Indiana's belief in protecting Hoosiers from undue federal regulation, and to maintain a free market. The Executive Order allows the State to move forward with planning, but no commitment has been made to formally establish an Exchange.

The key strategy for this area continues to be to promptly and thoroughly review all proposed regulations, guidance, or bulletins released in regards to the Exchanges. An interagency group consisting of the Department of Insurance (IDOI), several of the Indiana Family and Social Services Administration's (FSSA) divisions: the Division of Family Resources (DFR) (responsible for eligibility) and the Office of Medicaid Policy and Planning (OMPP), and other individuals participate in the review of federal guidance as applicable to their work. Additionally, the State of Indiana contracted with a law firm to receive assistance with regulatory and legal guidance. The other primary strategy for this area has been to identify legislative and regulatory needs should Indiana decide to establish an Exchange, and have necessary guidance documented should it be needed. The administration did not pursue any Exchange-related legislation during the 2012 session of the Indiana General Assembly.

- *What are some of your program's significant accomplishments in this core area?*

The State has reviewed all federal guidance released since the last report was submitted including Essential Health Benefits guidance and the Final Rules 45 CFR Parts 155, 156, and 157 and 26 CFR Parts 1 & 60. Staff convened daily lunch hour sessions to review these regulations section by section to identify questions, concerns, and areas of impact. Comments were also submitted on the Proposed Exchange Application in January 2012. At the end of June 2012, staff submitted comments on the most recent Notices of Proposed Rule Making (NPRMs) regarding essential health benefits, data collection, and accreditation. Comments submitted to HHS are available on the website [www.nationalhealthcare.in.gov](http://www.nationalhealthcare.in.gov). The State also reviewed the Draft Blueprint for Approval of Affordable State-based and State Partnership Insurance Exchanges and participated in all federal Blueprint webinars. The State's questions regarding all guidance were forwarded to the relevant federal agency contact person routinely and frequently for clarification in order to ensure consistent understanding and enable business and technical requirements updates based on answers. Under current review are the State's options for a State-based, Federally-facilitated, or State Partnership Exchange as well as the proposed data elements for the single, streamlined application. The

State has included legislative changes and legal considerations in its overall PPACA work plan. Policy and operational checklists have been completed based on regulatory updates and guidance.

The legal team has continued to provide support as questions have arisen including those related to the governance of a potential Exchange. The State logs questions and ideas during policy, stakeholder and business requirements meetings and then meets with its attorneys to discuss these items. Issues have also been logged for incorporation into the MOUs. Should Indiana move forward with a state-based Exchange, the State will need to seek input on, revise, and finalize bylaws and articles of incorporation.

- *What are some of the significant barriers your program has encountered?* N/A
- *What strategies has your program employed to deal with these barriers?* N/A

## **Consumer and Stakeholder Engagement and Support**

- *What are the primary strategies your program has used to approach this core area?*

As noted in Indiana's grant application, since the beginning of the planning process, Indiana has been dedicated to ensuring that all State agency stakeholders who own resources or processes necessary to the Exchange are engaged and involved in the potential development of an Exchange. Stakeholder consultation has continued throughout the second six months of the Level One grant period as an ongoing component of Indiana's options for an Exchange and as Federally-facilitated, State Partnership, or State-based Exchange models are considered. The IDOI and FSSA, which oversees eligibility and the Indiana Medicaid program, communicate daily and hold regular collaborative meetings on the Exchange design options. Throughout the process of Exchange research, the healthcare reform team is working to identify challenges posed by program integration and working to develop strategies for mitigating these issues.

During the Exchange Level One grant period, Indiana's primary strategy for stakeholder outreach has been and continues to be targeted meetings with small groups of individuals. We believe this format allows individuals to be more candid in their dialogue with the State, and has proved to be a valuable tool as policies have been considered; meetings with stakeholders have continued since the last report. Numerous public presentations have also been given to the General Assembly and at Healthcare Reform conferences. The team will give presentations at the Indiana General Assembly's summer study committees. The State also continues to use questionnaires as a method of gaining stakeholder feedback.

Additionally, over the past six months, the Exchange team has performed a detailed review of the federal regulations for the Navigators and Assistants program. As the State would like to leverage currently available expertise, two existing state programs were placed in the context of the federal regulations to identify how current programs are already meeting these regulations and where modifications of current programs could be made if the State should choose to operate its own consumer support function. The local programs already involved in consumer assistance are run by FSSA's Division of Family Resources and the Department of Insurance. The Division of Family Resources program trains and coordinates with volunteer organizations that help individuals enroll in Medicaid and Healthy Indiana Plan (HIP) for their medical coverage; and the Department of Insurance offers the Senior Health Insurance Program (SHIP), training and coordinating with volunteering individuals and organizations to offer information and assistance to Medicare enrollees and their family members. While the program goals are similar, there are many differences in the way these programs operate, providing valuable insight for a potential Navigator program. Future meetings with stakeholders representing Medicaid, HIP, Medicare, and insurance brokers

will also provide a greater understanding of how the State would be best able to meet the federal Navigator and Assister regulations while acting in the best interest of its residents.

- *What are some of your program's significant accomplishments in this core area?*

Since the last report, Indiana sought guidance through several questionnaires sent to carriers: 1) a risk adjustment questionnaire and 2) essential health benefits data collection questionnaires. These were used to identify important details of the two programs as related to the data held by carriers. The results are discussed in the applicable core area.

As part of the research on surrounding the consumer assistance function, the State also leveraged existing expertise and research to develop a comprehensive list of internal and external stakeholders. Internal stakeholders include all divisions of the FSSA, IDOI, Indiana Department of Workforce Development, Indiana Department of Revenue, Indiana Economic Development Corporation, Indiana Office of Technology, Indiana State Department of Health, Indiana Department of Corrections, and Exchange staff, if a state-based Exchange is established. External stakeholders include Medicaid recipients: the dual eligible population, pregnant women, adults, children, disabled individuals, uninsured individuals eligible for Exchange coverage, small and large employers, minority groups, healthcare providers, the Indiana General Assembly, healthcare advocacy groups, local government agencies, insurance carriers, insurance agents/brokers, Navigators and so forth. As mentioned previously, these stakeholders have been and will continue to be given opportunities for feedback through surveys and questionnaires, community meetings, and small and large group presentations.

The State has also done an internal assessment of the outreach and education needs of the three Exchange models as well as any related Medicaid needs. The State reviewed and evaluated the outreach, education, marketing and consumer assistance tools other states have developed. This information will be referenced at a later date when the ultimate State decision regarding an Exchange model is made. Potential strategies identified include further market research to identify target populations, and focus groups to assist in the development of an effective outreach and education strategy. Information on the states has been collected such that outreach materials can be developed either in house or by a vendor.

Internally, a weekly IT meeting with representatives from both agencies and a weekly insurance-specific meeting continue to be held. The Medicaid and eligibility teams meet on a biweekly basis, and executive team meetings are held as needed. A policy team meets frequently and reviews federal guidance, stakeholder feedback and other important items. The review of all proposed regulations and guidance is a collaborative process with all internal stakeholders contributing to the evaluation, discussion, and development of comments.

Assistance to individuals and businesses, the handling of consumer complaints and the support of appeals have all been areas addressed in the future state process models and business requirements, and are further discussed in the Eligibility and Enrollment Core Area and Business Function.

A further accomplishment has been discussion in the weekly IT meetings regarding "No Wrong Door" and the potential for leveraging current State call center functions, if an Exchange is developed. We have also assessed the different technology being used by each call center to assure that in the future these systems can be linked. More information this project is listed in the IT section of this report, and the project is still ongoing.

Indiana continues to operate the website [Nationalhealthcare.in.gov](http://Nationalhealthcare.in.gov), and individuals can request that updates be emailed to them when new information is posted to the website. The website is the central source for information relevant to the State's health care reform activities and deliverables completed under the Exchange grants. Posted items include questionnaires, research data and data analysis summaries, whitepapers, press releases, presentations, federal correspondence, implementation progress updates, and other key documentation. Individuals can also email the healthcare reform team at [feedback@nationalhealthcare.in.gov](mailto:feedback@nationalhealthcare.in.gov). The email inbox is checked daily.

- *What are some of the significant barriers your program has encountered?* N/A
- *What strategies has your program employed to deal with these barriers?* N/A

## **Eligibility and Enrollment**

- *What are the primary strategies your program has used to approach this core area?*

This area continues to be an area where significant effort is expended. The State continues to evaluate the different Exchange models, state-based, partnership, and federally facilitated, especially in regards to the eligibility function. The eligibility function is one the most expensive functions for the State to perform in regard to establishing an Exchange. The completion of draft business requirements was detailed in the last federal report. The strategy for developing the requirements related to this milestone was to leverage and build upon the functions that already exist in the State, which is primarily the eligibility determination for Medicaid that currently takes place within FSSA's Division of Family Resources (DFR). Indiana has also evaluated the cost of performing the eligibility determinations, and continually revisits the assumptions as guidance is released.

The expertise of the Indiana Department of Insurance has been leveraged to develop processes for enrolling individuals in Qualified Health Plans, and similarly, the expertise of FSSA has been leveraged to develop the processes for enrolling individuals in Medicaid plans via an Exchange. The strategy for applications and notices has been to leverage the years of experience gleaned through currently operated programs. FSSA input was crucial to discussions surrounding applications and notices. Business process models were developed indicating where the proposed regulations required notices. Indiana is carefully reviewing the proposed data elements for the single stream-lined application.

Indiana has carefully considered the cost of performing the individual mandate exemptions in the consideration of this milestone. Given that Exchanges must be self-sustaining in 2015, this is of great importance to the State, should an Exchange be established by Indiana.

The primary strategy for appeals has been to leverage the current expertise at FSSA and IDOI to develop appeals processes for (1) carriers who disagree with decisions made about a plan, for (2) users of an Exchange regarding their eligibility determinations, and for (3) employer liability determinations.

The strategy for IRS and enrollee reporting has been to meet the expectations of the federal government and maintain all privacy and security rules, while keeping costs low given that the Exchange will have to be self-sustaining in 2015. Current expertise on federal reporting was leveraged to develop the detailed processes and business requirements for a state-operated Exchange option.

- What are some of your program's significant accomplishments in this core area?*

Since the last review period, work included review and incorporation of updated guidance from Final Rules 42 CFR Parts 431, 435, and 457; 45 CFR Parts 155, 156, and 157; and 26 CFR Parts 1 and 602 and the Draft Blueprint for Approval of Affordable State-based and State Partnership Insurance Exchanges into the high level business requirements and cost model in regards to eligibility determination, QHPs, Medicaid enrollment process, appeals, information reporting and individual mandate process function for a state-operated Exchange option. After the regulations were released, staff met to re-visit the developed business requirements and update them based upon the final guidance. The State continues to evaluate the different eligibility options released by the HHS for premium tax credits and Medicaid. Additionally, the State continued to review projections for enrollment in years one, two and beyond in order to further refine the cost model in terms of staffing and overall expense of an Exchange, particularly as related to the eligibility and enrollment function. The State met with CCIIO in April to explain the cost model assumptions, and testimony was also given in a legislative committee hearing. MAGI calculation methodologies from the NPRM are currently under review and comments are being prepared. Enrollment projections were further detailed by counties and regions of the state order to facilitate development of the Division of Family Resources staff model and project training needs. MAGI process flows have been completed and kept up to date with emerging regulations.
- What are some of the significant barriers your program has encountered?*

The most significant barrier in this area has been the need for written, federal guidance, especially as related to appeals and notices, the federal hub, federal APTC determinations in a State-based Exchange and Medicaid determinations in the FFE. In addition, in light of the Supreme Court decision, projections regarding enrollment will ultimately depend upon the future coverage decisions. The State has made no decisions in this area to date.
- What strategies has your program employed to deal with these barriers?*

In addition to continuing to review all bulletins and guidance as they are issued, the State will continue to refine resource and cost projections based on available data in order to lay the necessary groundwork for an Exchange, should one be established. The State has also participated in all federal calls, and urges CCIIO to continue releasing written guidance to the states.

## **Plan Management**

- What are the primary strategies your program has used to approach this core area?*

Through the development of the business requirements and detailed procedures for a state-operated Exchange or plan management partnership option, it was decided to leverage the existing functions and expertise at the Indiana Department of Insurance, should a state-based or plan management partnership Exchange be developed. The IDOI currently handles all rate and form filings, and it is anticipated the IDOI would be responsible for Qualified Health Plan certification process. IDOI uses the NAIC's System for Electronic Rate and Forum Filing (SERFF) to handle rate and form filings currently, and the team is looking at using this system going forward such that carriers will not have to submit duplicative information to the IDOI and to an Exchange, should one be established. During this reporting period, staff attended a SERFF conference where updates related to Exchange needs were discussed.

The IDOI takes part in all opportunities for discussion and comment with the Plan Management subgroup in order to voice concerns, inform planning, and ensure strategies being developed by IDOI comply with all guidance. Examples of this include participation in the NAIC Exchange Plan

Management subgroup development of white papers outlining state best practices for implementation in the areas of rate review, form review, accreditation and quality, marketing and consumer information, and network adequacy. IDOI will leverage the information in plan management activities within the department. The Indiana Department of Insurance had the opportunity to attend the NAIC National Rate Review Meeting and participated in the discussions regarding rate review in Qualified Health Plans.

Finally, regarding carrier and plan quality, Indiana has approached this area with particular attention to what quality information is currently available, how it can be leveraged for an Exchange and what the cost associated with providing the information would be. While HHS will define the required accreditation metrics for carriers, Indiana is exploring what could be made available with regards to individual providers. The State hired the Indiana Health Information Exchange (IHIE), through a competitive bid to conduct a feasibility study of the mechanics behind providing both carrier and provider level quality data (results discussed below).

- *What are some of your program's significant accomplishments in this core area?*

During this reporting period, Indiana developed an Essential Health Benefits questionnaire which was released to the health insurance carrier community to determine the largest small group products and HMO. Through analysis of these results a comprehensive review of all of Indiana's EHB benchmark plan options has been completed and the largest plans have been identified; Indiana confirmed this against the recently released federal bulletin on the largest products in each state. A second questionnaire was sent to identify the benefits offered in each of these products. Items discussed in reviewing the data included covered benefits, benefit exclusions, items necessary to meet essential health benefit requirements, per member per month premium cost by benefit, and options for pediatric dental. No decision has yet been made regarding Indiana's EHB benchmark plan. Indiana participates in all the federal EHB calls, and continues to ask questions. The State is awaiting a deadline from CCIIO for EHB benefit submission.

Comments have also been written and submitted to the federal government in response to the essential health benefits/data collection/accreditation NPRM. IDOI has developed a checklist of high-level requirements for QHP certification for both the individual and SHOP Exchanges. The State is currently developing a new carrier survey with questions pertaining to policy around QHP's, market coordination, SHOP, financial management, and the state/federal/partnership Exchange options. In addition, white papers examining QHP vs. non-QHP regulatory requirements, Premium Rate Study, and Risk Adjustment Review are in the process of being developed and revised.

The high-level requirements (discussed in prior sections) that were completed for a potential State-based Exchange have been regularly updated with newly released regulations, as they pertain to Plan Management. As mentioned previously, a series of intensive meetings were staffed by all of the agencies involved in Exchange planning in order to complete this massive undertaking, in a collaborative process that leveraged the expertise and systems of all involved agencies. While the State has made no decision regarding operation of an Exchange, the model that is currently being explored is a State Partnership Exchange with Plan Management option. Exploration of this model has involved close examination of all of the elements that would be required for QHP certification. The new carrier questionnaire mentioned above will contribute stakeholder input to the State's examination of this model option.

Since the last report, the 'Feasibility Study and Plan for Including Quality Measurement Information' was also completed with the Indiana Health Information Exchange, the largest HIO in the state. The project included a baseline assessment of relevant data existing in the State and efforts around reporting provider-level quality data (individual, clinic, and hospital/institution) that could be applicable to the Exchange. The feasibility study compiled information regarding aspects of an Exchange that must be addressed in order to optimally incorporate quality measures into an Exchange, including technology needs and costs related to establishing and supporting provider and insurance carrier quality data for an Exchange. The project concluded with a proposed implementation plan that outlined recommendations and high-level implementation steps to generate, incorporate, and present payor and provider quality data and performance measures, if an Exchange were to pursue making these items available on an Exchange. As part of the deliverables, the vendor reached out to various stakeholders to glean what these individuals/groups would like to see in regards to quality data and an Exchange. Results of the IHIE study were reviewed with the entire Exchange team.

Lastly, staff attended the NAIC Health Insurance Exchange Plan Management Forum and discussed modifications to SERFF to be able to better utilize it in an Exchange environment. Staff also attended the SERFF meeting. Indiana has been attending the CCIIO Plan Management workgroup phone calls. The IDOI participates in all NAIC sponsored calls and regularly provides comments in regards to plan management implementation. FSSA and IDOI participated in the NAIC SERFF Scope Definition meeting, and reviewed and commented on the Scope document as well as development of Key Business Requirements and technical requirements. The IDOI continues to monitor activities related to SERFF enhancements and regularly participates in all calls.

- *What are some of the significant barriers your program has encountered?*  
Uncertainty during the time spent awaiting the Supreme Court decision has been the most significant barrier. Written guidance on EHB is also needed, particularly as related to a deadline.
- *What strategies has your program employed to deal with these barriers?*  
The State planned appropriately and to the extent possible given the level of uncertainty prior to the Supreme Court decision; now that the outcome is known, new legislative briefings are being prepared in anticipation of legislative decision-making, and Exchange team meetings are being conducted to revise projections and review potential decision scenarios and outcomes. Indiana has also engaged stakeholders in the form of surveys to aid in making key policy decisions.

### **Financial Management, Risk Adjustment, and Reinsurance**

- *What are the primary strategies your program has used to approach this core area?*  
The strategy in this core area has been to develop a thorough cost model based upon the business requirements, which continues to be updated based on data projections from members of the collaborative Exchange Team. An additional strategy has been to review the risk adjustment and reinsurance program regulations as released and provide thorough feedback to the federal government, as well as leverage expertise within FSSA and IDOI. Particular attention is being paid to the cost of administering the programs, as well as how they align with the current and future functions expected of Indiana's Department of Insurance.

- *What are some of your program's significant accomplishments in this core area?*

During this reporting period, the State completed an actuarial review of the model options for a state-based risk adjustment program in an Exchange, comparing and contrasting state-operated risk adjustment with federally-operated risk adjustment and reinsurance programs in terms of resources and cost. Using information provided in the May CCIIO meeting relating to risk adjustment, the State's actuaries examined the seven components of implementing a risk adjustment plan: selection of a risk adjustment model, calibration of the model and development of relative weights, calculation of each plan's average actuarial risk, calculation of payments and charges among health plans, identification of a data collection approach, and identification of an implementation schedule. The review additionally identified the portions of the HHS methodology modifiable by the State, should it choose to operate its own risk adjustment program, as well as infrastructure items that would be necessary in a state-operated program, such as a statewide all-payer database. Potential pitfalls around the coordination of a risk adjustment program with risk corridors and reinsurance, audit requirements, and timelines were also discussed. It was determined through review and discussion that the implementation of a state operated risk adjustment model would require significant resources through early 2013, including implementation, training, and testing of the process both internally and in interaction with the health plans. Indiana has been participating on the CCIIO risk adjustment and reinsurance user group calls. No decision has been made by the State regarding operation of a risk adjustment program.

Results of the carrier risk adjustment survey completed in March/April 2012 indicated that Indiana carriers preferred a federal risk adjustment program and a distributed model. This information has been shared with the Exchange team. Additionally, reinsurance RFI comments were submitted. The State has reviewed all newly released regulations and updated high-level and business requirements pertaining to financial management, risk adjustment, and reinsurance.

- *What are some of the significant barriers your program has encountered?* N/A
- *What strategies has your program employed to deal with these barriers?* N/A

### **Small Business Health Options Program (SHOP)**

- *What are the primary strategies your program has used to approach this core area?*

Indiana has spent considerable time evaluating the policies surrounding the SHOP, as proposed by the Affordable Care Act. Assessments and the questionnaires conducted during the planning grant period helped the State to anticipate how many businesses and employees may use the SHOP. Indiana's strategy has been to develop policy for a potential state-based SHOP that leverages the current strengths of Indiana's robust small group market, particularly the strong network of brokers.

- *What are some of your program's significant accomplishments in this core area?*

Indiana participates in the CCIIO SHOP user group calls and promptly reviews all guidance released regarding the SHOP. The high level business requirements were updated after the release of the Final Rules 45 CFR Parts 155, 156, and 157 and 26 CFR Parts 1 & 60. The State has also discussed the options surrounding premium aggregation and premium collection in the SHOP, as required by the federal statutes and regulations. Indiana also continues to evaluate the defined contribution model.

- *What are some of the significant barriers your program has encountered?*

It is not believed that an Indiana SHOP Exchange will have robust participation, based upon the number of small employers that may choose to drop insurance and the availability of small group policies on the



outside market. The challenge has been to design a potential SHOP Exchange that is affordable, given the anticipated usage of the function. Additionally, final federal guidance on the SHOP is needed as soon as possible.

- *What strategies has your program employed to deal with these barriers?*

The policy team has worked and reworked policies and ideas in order to create a proposal for the SHOP that assists Hoosier businesses while attempting to keep the operating costs low. Indiana has also prepared a response to the NPRMs.

## **Organization and Human Resources**

- *What are the primary strategies your program has used to approach this core area?*

Projections regarding leadership and staffing needs will be based on anticipated Exchange enrollment volume and timeframe. Once further decisions are made regarding Exchange structure and Medicaid expansion, this area will be addressed, including organizational structure, hiring strategy, qualifications and competencies, and roles and responsibilities.

- *What are some of your program's significant accomplishments in this core area?*

As mentioned in previous grant reports, draft articles of incorporation have been prepared and within those, an organization is contemplated that includes representation from the State and from external stakeholders such as providers, consumers, advocacy groups, etc. A draft staffing model is being prepared for each Exchange model: state-based, federally facilitated and state-federal partnership.

- *What are some of the significant barriers your program has encountered?* N/A
- *What strategies has your program employed to deal with these barriers?* N/A

## **Finance and Accounting**

- *What are the primary strategies your program has used to approach this core area?*

As noted in the grant application, to develop the financial management structure and accounting systems for the Exchange, Indiana will seek aid from outside consultants, including experienced accountants. Once all Exchange design decisions that could impact the financial management structure are finalized, the HCR team will work to develop the financial management structure and accounting systems of the Exchange. The State recognizes that that Exchange must be self-sustaining in 2015.

- *What are some of your program's significant accomplishments in this core area?*

The State has continued to revise the cost model assumptions based upon policy decisions, additional federal guidance or other changes to the business model. Staff from FSSA, the IDOI and IT business units were involved in the creation of the assumptions. The cost model for a fully state-based Exchange ties directly to the business requirements and process models. The cost model predicts the cost to establish and operate a state-based Exchange annually is \$50-65M.

The Exchange team has been working from the cost-model and using new information and releases to develop a detailed Exchange operating budget that encompasses multiple scenarios: Exchange models, enrollment and financing. The budget is constantly being refined based on new releases and refining current assumptions. Actuarial data as well as comparable data projections from other states and information from contracted vendors and staff expertise have been leveraged in the development of

the budget plan and projected costs. The budget is driven by enrollment. The budget also includes various options for Exchange financing, given the requirement in regards to being self-sufficient. Finally, a cost allocation model is being developed based on the regulations and it will be applied to the Exchange budget.

- *What are some of the significant barriers your program has encountered?*  
Areas where significant barriers have been identified include: projecting training costs, the question of Exchange sustainability and uncertainty regarding the coordination between the State and federal government in the various models. Continued federal guidance is needed.
- *What strategies has your program employed to deal with these barriers?*  
The State has continued internal research and collaboration, and review any documents released by other states, updating existing business process documents as needed in order to be prepared once further decisions are made.

## **Technology**

- *What are the primary strategies your program has used to approach this core area?*  
This continues to be an area of significant focus. High-level business requirements and technical requirements continue to be reviewed, discussed, and refined. Indiana has surveyed the vendor community for the types of solutions available, should an Exchange be established. The Exchange project does create challenges with respect to Indiana's existing technology infrastructure. Both the Medicaid Management Information System (MMIS) and eligibility systems are around 20 years old. The new requirements of ACA, including the Exchange requirements, have created a challenging IT environment. A risk was identified early on in the Exchange assessment relating to the overall readiness of the State's suite of technology, including hardware and applications, which could be used to support an Exchange. For this reason, the staff members have approached the project knowing that regardless if an Exchange is established, other IT system replacements will be taking place in the next five years.

While working to provide a solid base for lacking federal guidance with respect to federal data services hub protocols, services, and standards we have continued to review relevant and appropriate similar and expected to be foundational architect guidelines such as the CMS three tier architect and TRA documents. Additionally, alignment with the MITA architecture as well as other security standards used within CMS has been evaluated even though guidance has been absent. Indiana continues its strategy to survey the vendor community for the types of solutions available while actively determining the needs of the State of Indiana for an Exchange, should one be established. Staff continues to assess ways of leveraging and incorporating current functions available at the State, as well as existing procurements on the street into a modular and dynamic approach to possible Exchange development. A risk identified early on in the Exchange assessment means that in the event an Exchange is established, other IT system replacements will be taking place in the next five years regardless of the state's Exchange decision.

- *What are some of your program's significant accomplishments in this core area?*  
The IT team completed a second RFI in February 2012 to survey the IT vendor community regarding more detailed information on Exchange business models, IT solutions, and State/vendor relationship models. Technical requirements were updated based on review of newly released regulations. A review of

electronic data sources was completed with respect to required verification standards. Indiana partook in the first CMCS/Indiana SOTA call and will continue to participate in future calls; the State IT survey was completed and submitted to CCIIO. The State has also undertaken a project to evaluate use of IVR vs. call centers to link FSSA, IDOI and the Exchange to promote the "no wrong door" philosophy. The State has participated in CMS Blueprint calls and reviewed CALT documents in order to develop a draft blueprint architectural model in the context of FSSA's structure, in order to have a better understanding of the Blueprint; the State has also collaborated with the federal government to get questions answered and lead the way in modeling and compliance. This process has also involved defining FSSA's current call center environment and structure, i.e. hardware, software, users, call flow; working with the blueprint architectural model within that structure; and review of the I3 technology platform capabilities.

In a project unrelated to the Exchanges and independent of establishment grant funding, the State is reviewing processes for a new eligibility rules engine that will serve to assist with eligibility determinations for TANF, SNAP and Medicaid; this project will be coordinated with any Exchange-related developments to ensure compatibility between systems. Lastly, the State also continues to explore the use of SERFF for plan management functions in an Exchange. The IT team continues to meet with key leadership at FSSA and IDOI on a weekly basis.

- *What are some of the significant barriers your program has encountered?*  
The most significant barrier has been the absence of necessary federal guidance related to the Exchanges. Specifically, detailed protocol, expected Exchange transfer documentation, any known way to interoperate with the federal data hub and any specific requirements around security must be released immediately, if these items are expected to be incorporated into any solutions.
- *What strategies has your program employed to deal with these barriers?*  
As noted above, the State continues to prepare to the extent possible for the needs of an Exchange, if one is established.

## **Privacy and Security**

- *What are the primary strategies your program has used to approach this core area?*  
The State is aware of and adheres to current federal privacy and security requirements due to existing data sharing between the State and the federal government; the State will continue to adhere to all issued guidance in this area.
- *What are some of your program's significant accomplishments in this core area?*  
Since the last report, the State participated in Blueprint calls and all other federal calls related to privacy and security guidance. The State reviewed the IRS final rule guidance on privacy and security and updated relevant high-level business and technical requirements.
- *What are some of the significant barriers your program has encountered?*  
Specific guidance is needed on ways in which the State will interact and share information with the federal data hub in order to assure that the necessary privacy and security protocols can be developed, tested and approved prior to the start of open enrollment in 2013, regardless of the type of Exchange established.

- *What strategies has your program employed to deal with these barriers?*  
Indiana continues to urge the federal government to provide all the necessary guidance to plan and prepare for late 2013 implementation of Exchanges.

### **Oversight, Monitoring, and Reporting**

- *What are the primary strategies your program has used to approach this core area?*  
In regards to the program integrity and oversight of the grant project, attention has been given to monitoring the flow of the funding and the quality of the products produced by vendors prior to payment. The strategy has been to track the performance of individuals and/or vendors staffing the grant and the payments associated with their work. The State has managed the flow of funding for the Exchange grant and addressed the financial integrity, and prevention of fraud, waste, and abuse as it relates to the Exchange grant. Contractual issues have been monitored and addressed, and adherence to the budget and to performance metrics has also been monitored. Timely billing, in accordance with contract terms, has been enforced.
- *What are some of your program's significant accomplishments in this core area?*  
Monthly dashboards for the Executive Team continued to be prepared to report on contract performance and on all expenditures billed to and paid for by the grant. The State participated in the all-grantee meetings and calls. The State submitted a request to and received approval from HHS for the no-cost grant extension. Staff attended the May 2012 all-grantee meeting. In February 2012, the State participated in the 2-day federal planning review meeting.

Once a month, the all Exchange meeting is still held where an individual from each project area and/or each vendor reports on the work completed during that month. At this time, a small group of staff also still meets monthly to discuss the performance of each of the vendors within the last month. These issues are logged and presented on the monthly performance and payment dashboard. These reports are then shared with the senior leadership.

- *What are some of the significant barriers your program has encountered?*  
The Exchange Program Integrity proposed rules have not been released by the federal government, and this guidance would be helpful to the State. Indiana encourages the HHS to release this guidance as soon as possible.
- *What strategies has your program employed to deal with these barriers?*  
Indiana continues to urge the federal government to provide all the necessary guidance to plan and prepare for late 2013 implementation of Exchanges.

### **Contracting, Outsourcing, and Agreements**

- *What are the primary strategies your program has used to approach this core area?*  
The State has not decided what type of HIX model to adopt and thus no contracting has taken place for implementation. Should the State move forward, draft MOUs have been prepared for operations that would be shared between a not-for-profit Health Insurance Exchange and state agencies. For the grant, no new

significant contracting has taken place in the last six months except for the vendor contract amendments for those continuing on their projects under the no cost extension.

- *What are some of your program's significant accomplishments in this core area?* N/A
- *What are some of the significant barriers your program has encountered?* N/A
- *What strategies has your program employed to deal with these barriers?* N/A

#### **State Partnership Exchange Activities**

- *What are the primary strategies your program has used to approach this core area?*  
The State has yet to make a decision regarding establishment of an Exchange and is continuing to evaluate all options and guidance.
- *What are some of your program's significant accomplishments in this core area?* N/A
- *What are some of the significant barriers your program has encountered?* N/A
- *What strategies has your program employed to deal with these barriers?* N/A